

# Employment Land Study

Appendix 6: Commercial  
Market Assessment

**July 2007**

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# 1. BASELINE ANALYSIS

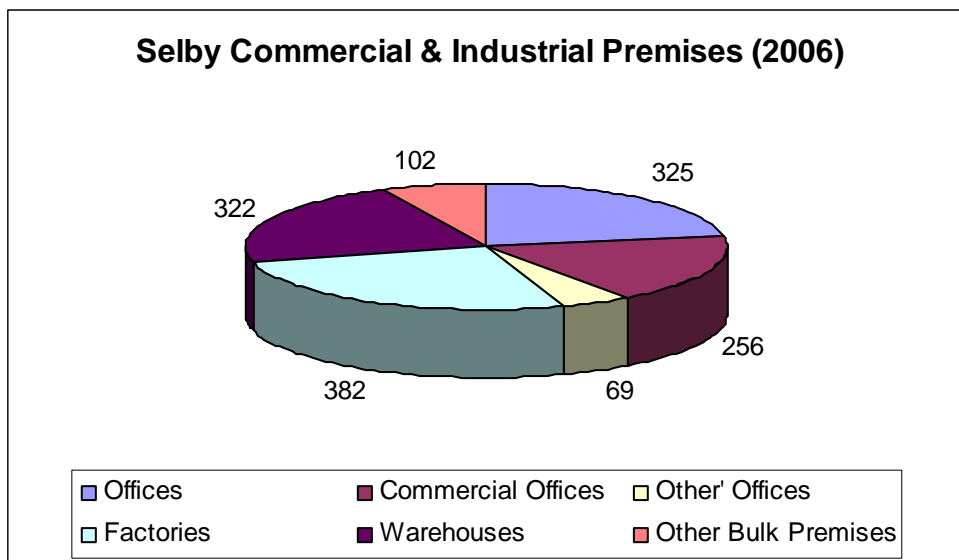
## Introduction

- 1.1 The following analysis will seek to provide a brief overview of the current supply of commercial and industrial floorspace in the Selby District as at 1<sup>st</sup> April 2006. This will be achieved using both Department for Communities and Local Government (DCLG) and primary datasets covering both the Selby District and wider context areas.
- 1.2 In March 2007, the DCLG, in partnership with the Valuation Office Agency (VOA), produced the Commercial and Industrial Floorspace and Rateable Value Statistics 2006. This dataset offers floorspace and rateable value statistics as at 1<sup>st</sup> April 2006, derived from administrative data provided by the VOA and are presented for England and Wales, the Government Office Regions of England, local authority districts (LAD) and Middle Layer Super Output Areas.

## Supply Composition

- 1.3 The following chart illustrates the composition of commercial and industrial floorspace in the Selby District as at April 2006, measured in terms of unit numbers.

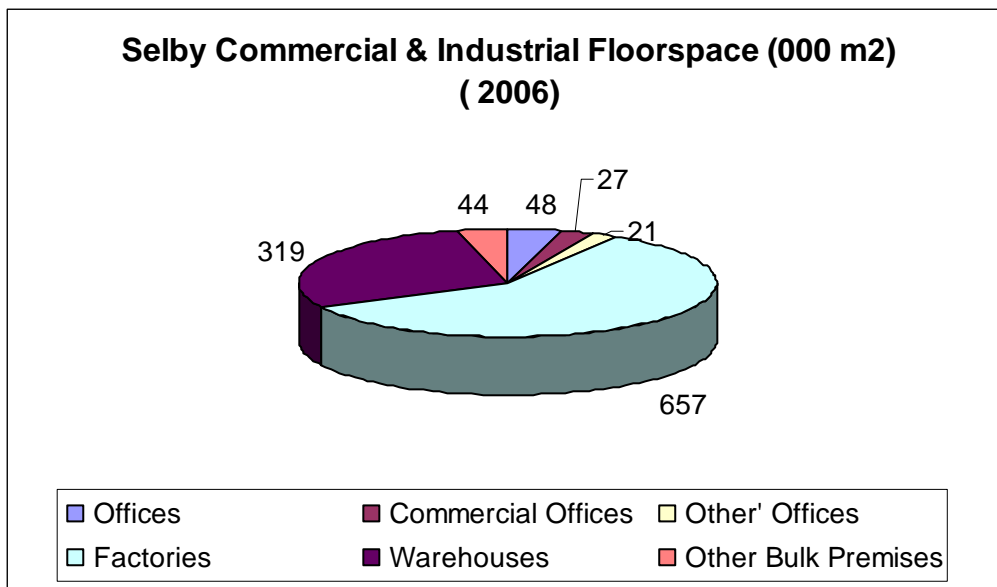
Figure A6.1.1: Commercial and Industrial Premises (2006)



Source: DCLG, VOA

- 1.4 It is immediately apparent that the current stock of commercial and industrial units is dominated by factory premises, which offer 382 units within the District. However, offices and warehouses follow closely behind this, with unit counts of 325 and 322 respectively.
- 1.5 In terms of the pursuant analysis, it should be noted here that the VOA classes what the study entitles 'offices' under three headings; these being 'offices', 'commercial offices', and 'other offices'. The VOA's classification of 'factories' will be classed as 'industrial'. 'Other bulk premises' encapsulates all other hereditaments that do not fall into one of the five bulk classes.
- 1.6 Figure A6.1.2 illustrates how significant a proportion of total floorspace these units offer.

Figure A6.1.2: Commercial and Industrial Floorspace (2006)



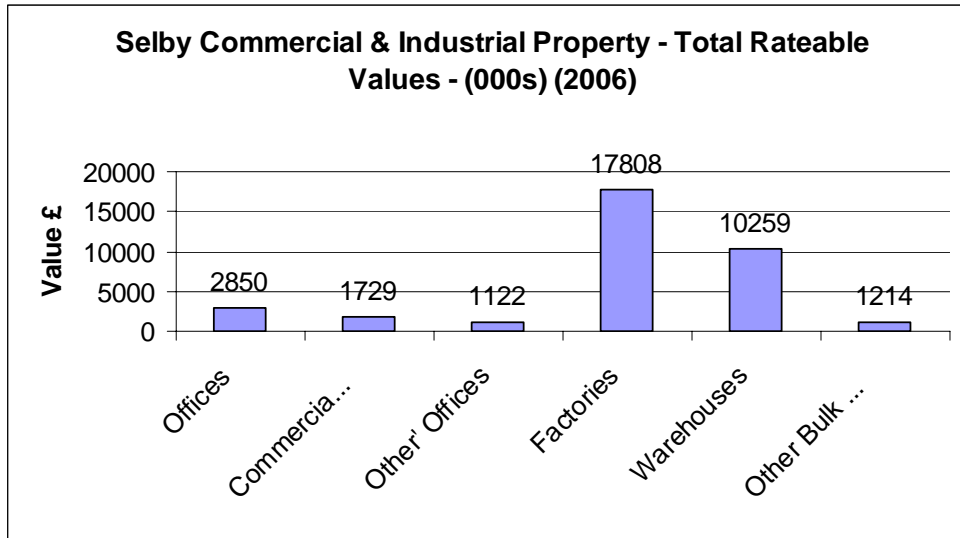
Source: DCLG, VOA

- 1.7 It is immediately clear that factories comprise by far and away the largest proportion of commercial and industrial floorspace, accounting for 59% of total supply (657,000 m2). The only other 'significant' floorspace supply originates from warehouse units, which account for 29% of total floorspace.

### Rateable Value

- 1.8 Figure A6.1.3 illustrates how such floorspace configuration is translated in rateable value to the District, by showing the gross rateable value of each unit category.

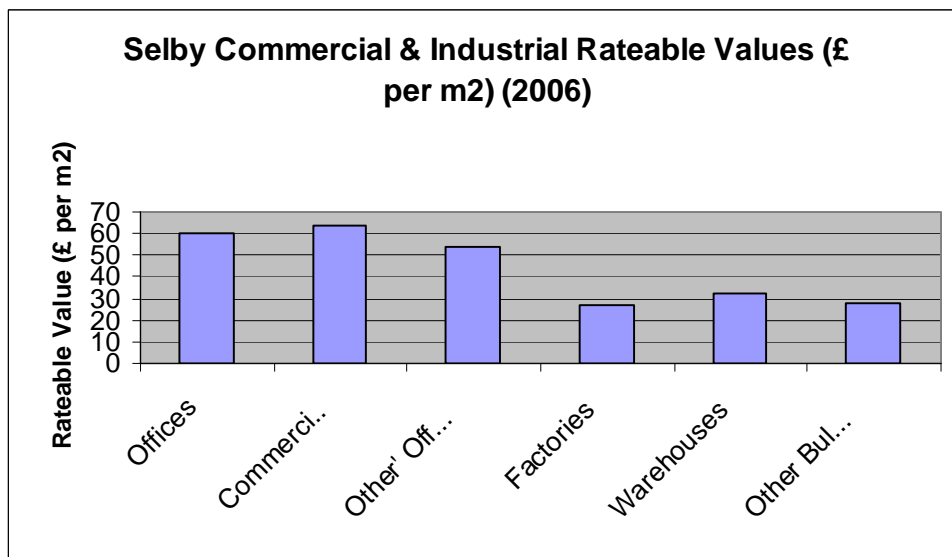
Figure A6.1.3: Gross Rateable Value - Commercial and Industrial Premises (2006)



Source: DCLG, VOA

- 1.9 The illustration of floorspace is generally reflected in gross rateable values, with factories comprising the largest proportion of value to the district, set at £17.8 million. This is followed by warehouses, which offer over £10.2 million to the District in terms of total value.
- 1.10 Figure A6.1.4 illustrates these rateable values within the Selby District on a square metre basis.

Figure A6.1.4: Average Rateable Value - Commercial and Industrial Premises (2006)

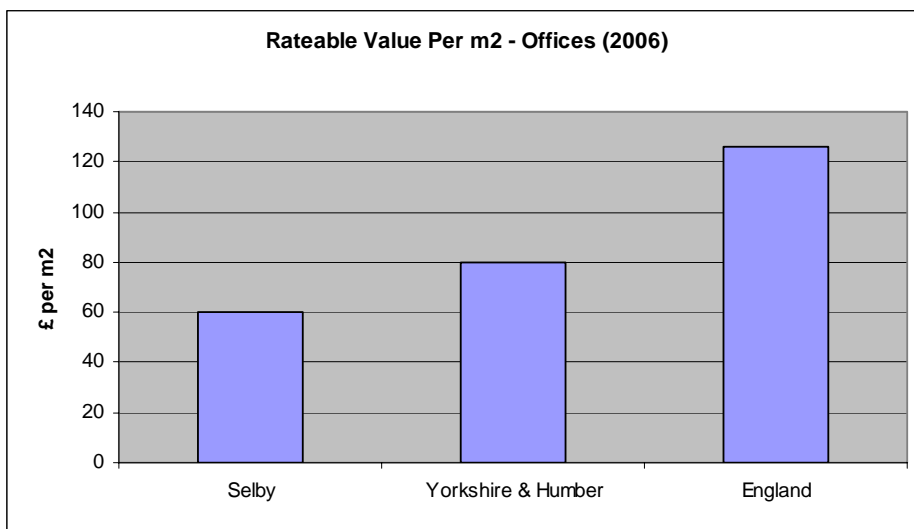


Source: DCLG, VOA

1.11 It is apparent here that despite being dominated by factory and warehouse units, these unit types present the two lowest rateable values per square metre outside of ‘other bulk premises’, with an average rateable value of £27 per sq m and £32 per sq m respectively. Unsurprisingly, the highest values per square metre are demonstrated for ‘commercial office’, ‘office’ and ‘other offices’ units, at £60 per sq m, £64 per sq m and £54 per sq m respectively; illustrating the pivotal role that offices may play the in the commercial and industrial market should their supply/occupation be increased.

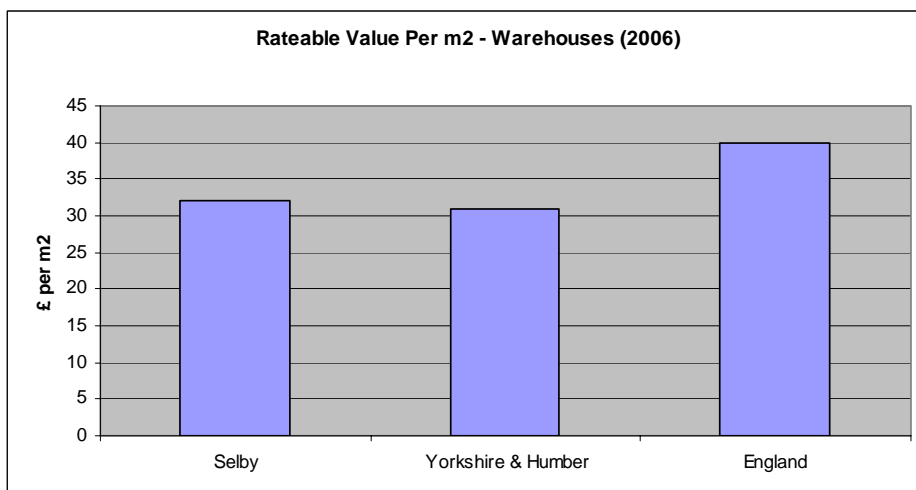
1.12 The figures below illustrate how these rateable value compare with wider regional and national values, for ‘offices’, ‘warehouses’ and ‘factories’.

Figure A6.1.5: Average Rateable Value – Wider Context – Offices (2006)



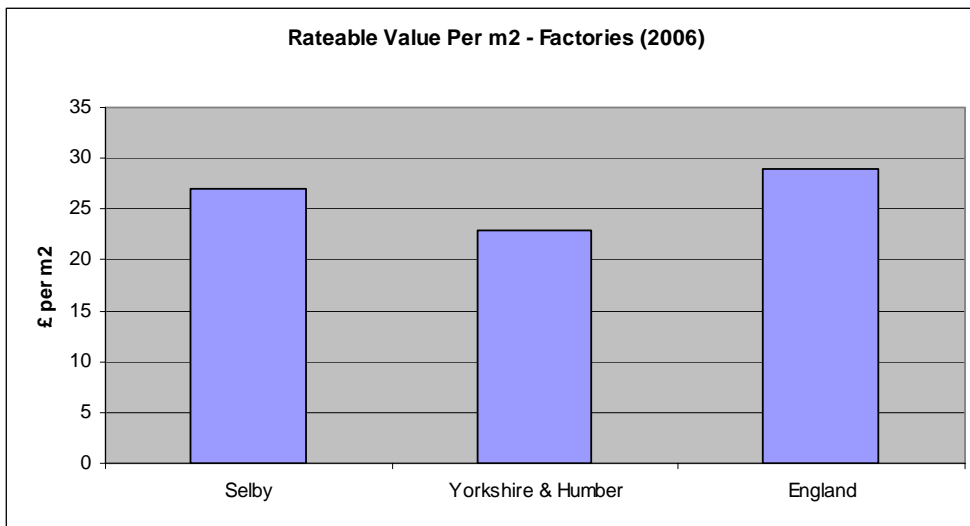
Source: DCLG, VOA

Figure A6.1.6: Average Rateable Value – Wider Context – Warehouses (2006)



Source: DCLG, VOA

Figure A6.1.7: Average Rateable Value – Wider Context – Factories (2006)



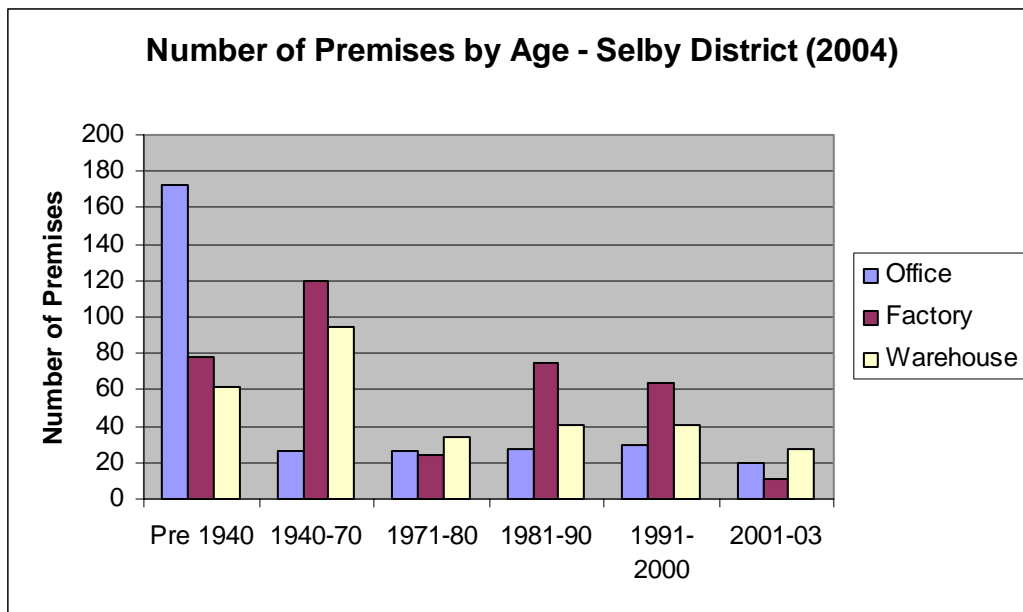
Source: DCLG, VOA

- 1.13 It is interesting here to recognise that the current supply of offices in the Selby District are securing far less rental value than that identified at regional and national levels. This further emphasises the poor state of office supply in the District, as well as the opportunity to narrow the gap through the provision and occupation of higher quality office development.
- 1.14 In contrast, the District secures a higher rent/rateable value for both warehouse and (particularly) factory premises in comparison with wider regional levels, despite still being behind values set at national level.

### Age by Type

- 1.15 By way of assessing the quality of existing commercial and industrial supply, FigureA6.1.8 illustrates the age of hereditaments in the Selby District, as assessed by the ODPM (formerly) in 2004.

Figure A6.1.8: Number of Premises by Age - Selby District (2004)



Source: DCLG

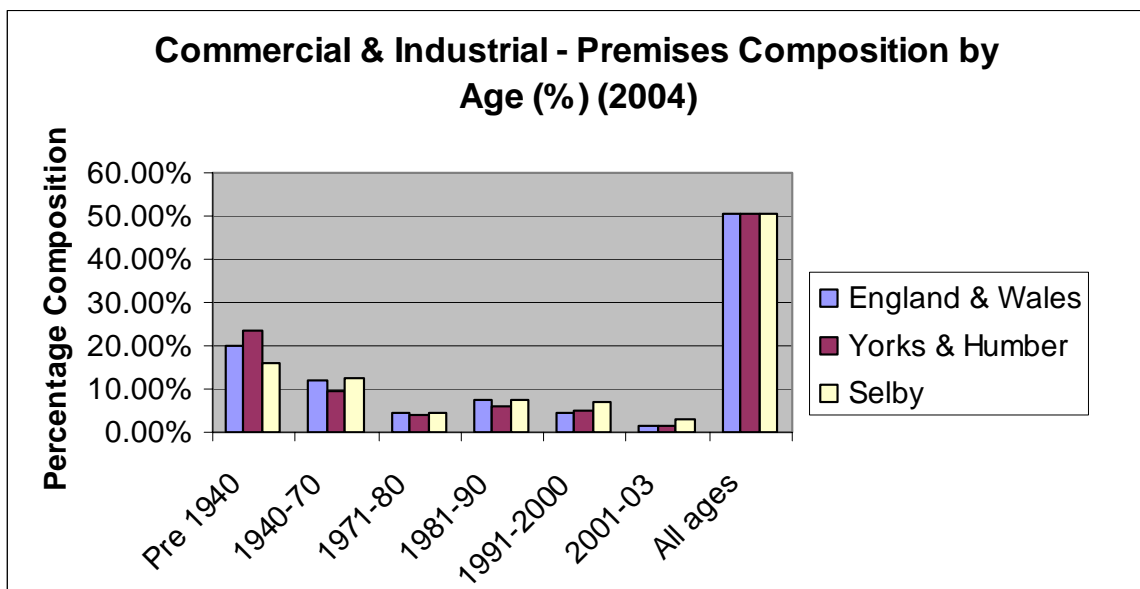
- 1.16 The above graph illustrates several key trends in terms of existing stock and associated quality. Firstly it is apparent that the vast majority of office accommodation falls within the pre-1940 category, suggesting a degree of poor quality and unfitness to use of current stock. Typically such stock is difficult to convert and make fit and/or attractive for modern purposes (e.g. air conditioning, wiring etc.), particularly given the evolving demand nature of current office markets. According to these statistics, as at 2004 there were only 50 office premises built between 1991 – 2003 in the whole District.
- 1.17 In terms of both warehouse and factory premises, there is strong evidence to suggest that the majority of current supply originates from the 1940-1970 period.
- 1.18 In contrast to offices, warehouse demand is less age/use specific, suggesting that the consistent supply of warehouse space in the District, with 51% of stock being developed prior to 1970, and 48% of supply being developed since (up to 2004), offers less of an acute problem in terms of the quality of existing stock. Obviously these trends are dependent on the degree of repair, maintenance and investment (e.g. refurbishment) that has been committed to such stock over the period.



1.19 Given the more use-specific nature of factory/industrial supply, it might be suggested that either such elderly accommodation fails to meet the needs of current factory/industrial markets, or that there is evolving (& lessening) demand for such unit types, which is as a result reflected in recent supply behaviour. Given the changing nature of the manufacturing industries (i.e. reduced competitiveness against foreign countries, increased mechanisation and a resultant reduction in space requirements), it might therefore be assumed that this age trend reflects broader market behaviour as opposed to failures in development supply, and that through this future supply requirements should be less based on current stock age and more based upon projected industrial need.

1.20 The graph below sets this stock age in the context of the region and England & Wales, expressed using premises composition as a percentage.

Figure A6.1.9: Premises Composition by Age - Selby District (2004)



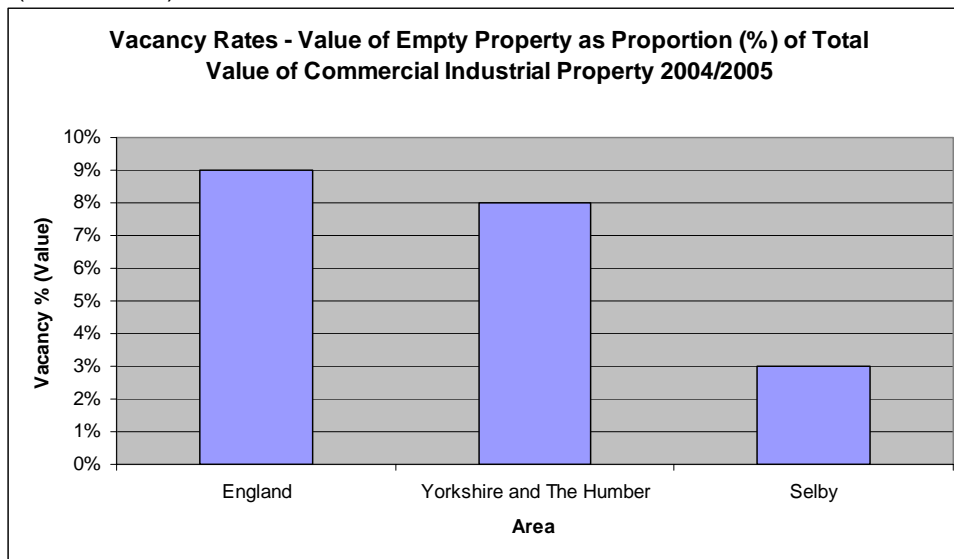
Source: DCLG

1.21 The above analysis, taken from the same data source, and accounting for all three premises types, suggests that Selby actually has a more modern commercial and industrial premises stock than that evidenced at wider context levels. This suggests an elevated degree of fit-for-use in terms of the supply/demand dynamic in Selby as against that evidenced at wider contextual levels.

## Vacancy

- 1.22 As a crucial indicator of the imbalance between supply and demand in the District, an analysis of vacant property is undertaken below, using both DCLG/VOA analysis from 2004/05 to assess vacancy levels, and York England statistics based upon the period October 2006 – February 2007 to establish vacancy composition.

Figure A6.1.10: Vacancy Rates – Wider Context – All Commercial and Industrial Properties (2004 - 2005)



Source: DCLG, VOA

- 1.23 It is immediately apparent that the Selby District enjoys relatively low levels of commercial and industrial property vacancy, set at 3% in 2004/05, contrasting with 8% in the Yorkshire & Humber region, and 9% nationally in England.
- 1.24 The following table breaks vacancy levels down by property type, based upon net internal area in the period October 2006 – February 2007.

Figure A6.1.11: Vacancy Composition by Property Type &amp; Size – Net Internal Area (October 2006 – February 2007)

Unit Type	Band Name	Total Area (sq ft)	Total Area (sq m)	Units
<b>Industrial</b>	0 - 999	1,200	111	2
	1000 - 2499	8,988	835	5
	2500 - 4999	10,273	954	3
	5000 - 9999	28,750	2,671	4
	10000 - 19999	11,400	1,059	1
	20,000 - 39999	82,200	7,636	3
	40000 +	2,952,700	274,306	10
	<b>Total:</b>	<b>3,095,511</b>	<b>287,572</b>	<b>28</b>
<b>Office</b>	0 - 999	3,926	365	9
	1000 - 2499	18,385	1,708	11
	2500 - 4999	18,938	1,759	6
	5000 - 9999	0	0	0
	10000 - 19999	12,188	1,132	1
	20000 - 39999	24,000	2,230	1
	40000+	372,780	34,631	2
	<b>Total:</b>	<b>450,217</b>	<b>41,825</b>	<b>30</b>
<b>Warehouse</b>	0 - 999	1,570	146	2
	1000 - 2499	7,400	687	4
	2500 - 4999	0	0	0
	5000 - 9999	17,600	1,635	2
	10000 - 19999	15,950	1,482	1
	20000 - 39999	0	0	0
	40000+	1,604,780	149,084	5
<b>Total:</b>	<b>1,647,300</b>	<b>153,034</b>	<b>14</b>	

Source: York England

- 1.25 As expected, industrial and warehouse properties offer by far and away the largest floorspace availability in the District. This correlates with the previous floorspace supply data, which suggests that industrial properties comprised circa 657,000 sq m in 2006, suggesting a void rate of 44% in terms of floorspace. Warehouses, which offered circa 320,000 sq m in the VOA data, show 153,034 sq m of available floorspace, suggesting a void rate of 48% in terms of floorspace.
- 1.26 Offices, which comprised only 96,000 sq m of floorspace supply in the 2006 VOA data, have 41,825 sq m of floorspace available, suggesting a void rate of circa 44% in terms of floorspace.

- 1.27 In terms of unit numbers, within the industrial property category, the largest number of vacant units fall (as highlighted in yellow) within the 40,000 sq ft plus category (10 units offering just under 275,000 sq m). This is mirrored within the warehouse category, in which 5 units falling within the same size classification are vacant, offering 149,000 sq m to the market. All other things being equal (i.e. ignoring possible qualitative issues), this suggests an oversupply of property of this size within these two premises types.
- 1.28 Void rates, based again upon a comparison of VOA data with the York England primary data, offer a more optimistic view of vacancy than floorspace analysis. Indeed, industrial property in terms of unit numbers has a 7% void rate, warehouses 4%, and offices 5%. This again emphasises that the floorspace analysis is skewed to some extent by the availability of large-scale premises within the upper floorspace categories.
- 1.29 It should be noted here that the above analysis should be treated with some caution given the differing approaches to site classification adopted by both sources. However, the analysis does succeed in illustrating the broader vacancy issues in the Selby District.

### Significant Developments

- 1.30 It has emerged during the initial two stages of analysis that there are very few 'significant' or renowned commercial or industrial schemes in the Selby District. Those that have emerged are analysed below:
- Sherburn Enterprise Park
- 1.31 Located on the B1222, east of the junction with the A162 Sherburn and South Milford by-pass, this major mixed use scheme comprising logistical, packaging, and manufacturing organisations, offers on on-going supply (although near full capacity) of development land to the west of the Selby District.
- 1.32 Current occupiers on the scheme include Supercook, Linpac, Constar and Cromwell Polythene, Eddie Stobart, and Exel. Within Sherburn Enterprise Park, Cosmic Park is the largest speculative industrial and warehouse development currently under construction in the UK. Developed by Gladman Developments, the site will offer a total of around 1,600,000 sq ft of distribution and business space when completed.
- Escrick Park Estate
- 1.33 Located to the north of Selby, off the A19, this award winning (RICS National Building Conservation Award) development consists of 22 offices and 14 light industrial units.

European funding contributed to the £1.4 million refurbishment, which has office units available ranging from 500 square feet up to 5,000 square feet and tenants ranging from NSPCC through to Renewable Fuels Ltd.

## 2. COMMERCIAL MARKET CONSULTATIONS

- 2.1 A range of investors, developers and agents were consulted in February 2007, in order that a contemporary picture be created of the employment land/premise market (demand) in the Selby District. This was based upon the collation of “soft data” (i.e. current market perceptions) within the Selby District in the context of perceived strengths and weaknesses, both now and in the future.
- 2.2 A particular focus was made on the strategic importance of the three key settlements within the Selby District; these being Selby town, Sherburn in Elmet, and Tadcaster.
- 2.3 Consultees were selected based primarily upon the invitee list for the Selby Property Forum, which GVA Grimley attended on the 14<sup>th</sup> February 2007, together with GVA Grimley Industrial and Office Agency intelligence.
- 2.4 Consultation was structured around a series of questions conducted via telephone. The results of this survey are presented according to questions posed, offering an invaluable insight into current market perceptions in terms of both broad trends and settlement specific intelligence.
- 2.5 Agents consulted included:
- Brian Bartles, Bartle and Son
  - Jonathan Peasgood, GVA Grimley
  - Andrew McBeath, McBeath Property
  - Edward Pope, Pope and Company
  - Nick Humphreys Roberts, Jones Lang Lasalle
  - Eamon Fox, DTZ (Office)
  - Paul Mack, DTZ (Industrial)
  - Simon Croft, Eddisons
  - Adam Spencer, Ryden
- 2.6 Investors/Developers consulted included:
- Andrew Eccles, Northminster Properties

- Phil Hill, S Harrison Developments Ltd
- Dennis Martin, Inkopo
- Kevin Waters, Gladman Developments
- Tim Marlow, Priority Sites

## Office Market

*Question: What is the nature of the current office market in the Selby District? Is the market strong?*

- 2.7 Agents felt that the office market in the Selby District is currently fairly limited due primarily to a lack of new build speculative development activity in the area. As a result, most national agents have limited involvement and coverage in the area, particularly outside of Sherburn In Elmet, where most cited transactions from these agents have been focussed. Deals in the Selby town and Tadcaster town areas are mainly overseen by local agents such as Bartle & Son and Pope & Company, illustrating the prominence of secondary and tertiary office space in these markets.
- 2.8 Despite this, agents felt that demand remained consistent, particularly for small to medium size self-contained managed or freehold office space (1,000 sq ft - 4,000 sq ft) in both Sherburn In Elmet and Selby town. Indeed, Andrew McBeath of McBeath Property felt that latent demand in the area was strong and that a lack of speculative supply was restricting market transaction levels. Edward Pope of Pope Commercial concurred with this, believing that latent demand originated primarily from indigenous small to medium size enterprises (SMEs) and businesses in the local area.
- 2.9 Developers also agreed with this, with Northminster Properties and Gladman Developments promoting Selby town as a very viable location for small to medium sized office development for owner occupation or investment purposes. However, Andrew Eccles at Northminster emphasised that there remained a lack of viable land available in light of environmental (mainly flood risk) and ownership constraints. Gladman Developments and Priority Sites also felt that if Selby was to become a viable location for national/regional based investor interest, then there was perhaps a requirement to first establish market confidence in the area through a successful high quality scheme (i.e. step change requiring an incremental approach).
- 2.10 Tadcaster was often cited amongst agents as providing an untested but likely source of market demand that was thus far being stifled by restricted land supply in this market town.

Its strategic location in close proximity to the A1(M) and between both York and Leeds was identified as a primary source of market potential.

*Question: Where are the key office locations within the Selby District for both occupiers and developers?*

2.11 In consulting active agents, two distinct markets emerged within the District area; whilst Sherburn In Elmet offered a low level office market, mainly linked in with large-scale industrial unit provision, Selby town was identified as the central District location for bespoke office space. Within this, the new by-pass has opened up a significant amount of land for development that would prove, if brought forward for development, very attractive to the market. Selby town offer of an attractive vibrant market town added to the value attached to such land in terms of amenities and market perception. Despite this, however, market activity within Selby town was still low due to a lack of current and pipeline development supply.

2.12 The A19 corridor to the north of Selby town was also identified as a potential key location(s) for new office (and industrial) development, based largely upon the overspill demand from York, which has intensified in recent years due to development constraints in the area.

*Question: What types of schemes are thriving here?*

2.13 It was felt amongst agents and developers that smaller office developments offering units of between 1,400 – 4,000 sq ft were most in demand, as manifested by the relative success cited at Abbey Court, where two storey units of between 1,400 and 3,000 sq ft were achieving similar yields (circa 12%) to that of York. Quoted rents on this scheme were £13.75 per sq ft, £1.50 per sq ft cheaper than York based rents, representing the perceived and actual affordability of Selby district in relation to regional competitors.

2.14 Within this, demand for freehold office space was particularly strong from organisations wishing to mitigate equity pension risks and tax liability through acquiring property. Typically such organisations would be medium sized enterprises/businesses seeking to move on from entry-level or incubator space within their locale.

*Question: How do other locations within the District compare?*

2.15 In reflection of sub-regional policy, agents focussed their attention on the three key market towns of Tadcaster, Sherburn In Elmet, and Selby town when discussing possible office locations.



- 2.16 Outside of Selby town (as discussed above), Tadcaster was consistently cited as a 'no go area' due to the influence of the breweries over land supply. Andrew McBeath of McBeath Property and Andrew Eccles of Northminster Properties felt that this was an untested but viable market location due to its strategic location and attractive amenity offer.
- 2.17 Andrew McBeath cited a similar example of suppressed land supply in Malton, north of York, where McBeath Property had undergone protracted negotiations to purchase land on behalf of their client with a major landowner in the area. Sharing similar traits to towns within the Selby District, conceptual mixed-use plans for the site had secured significant demand interest from research and development, high tech, bio-science, and advanced engineering firms. As a result of these early discussions with end-users, the development was being configured to suit their needs and requirements.
- 2.18 Developers also pointed to a highly constrained supply of employment land in York, which stemmed from a stuttering development plan process since 1998 and a policy focus on York City centre. As such, it was felt that Selby was an attractive alternative location which could benefit significantly this situation.
- 2.19 Sherburn In Elmet was considered a viable location for office development, however its main demand context was its key attraction as a warehouse/distribution/logistical base near to the key transport nodes of the M62 and A1(M), and key regional cities of Leeds and to a lesser extent York. As such, most demand for office space centred around industrial development of this nature with hybrid (i.e. office and industrial) unit provision a commonality.

*Question: What are the key office schemes within the Selby District?*

- 2.20 Representative of the current status and rate of new build office development within the District, there were very few 'key schemes' cited by agents. One of the few schemes mentioned was that at Abbey Road, details of which are illustrated above.

*Question: Which office locations are struggling within the Selby District and why?*

- 2.21 In terms of locations, the only area regarded as particularly struggling in light of market potential was Tadcaster. As mentioned above, the primary reason for this was the influence of the major landowners in the area and their reluctance to bring forward land for development.
- 2.22 However, some agents also felt that there remained a lack of development activity in Selby town, particularly catering for the freehold owner-occupier market, which was stifling the local

market potential. Within this there also remained a lack of smaller 0.25 – 1 acre sites coming forward for development within this area that might facilitate such development.

*Question: What type of office occupiers are entering the Selby District market and from where are they originating?*

- 2.23 Both agents and developers felt that the majority of existing demand originated from incumbent organisations looking to ‘trade-up’ within the District market, particularly in the Selby town area. Such organisations were typically SMEs, contract led companies or smaller subsidiaries with 10-20 employees. Within this there existed a particular demand for freehold sub-5000 sq ft accommodation as well as well-managed leasehold space.
- 2.24 An example was made of Northminster Business Park in York, which Andrew Eccles stated had attracted circa 90% local businesses looking to trade-up etc. by purchasing a freehold within a well managed/maintained complex. He perceived this market to be very similar to the Selby town area. Priority Sites has also successfully accommodated local town-based businesses seeking larger premises within the Selby town area within their Selby Business Park development.
- 2.25 Despite this, there was evidence of nation-wide marketing amongst agents who felt market potential for attracting national organisations seeking subsidiary or localised office bases at affordable but relatively secure levels, particularly around the Sherburn in Elmet and Selby town areas.

## Industrial Market

*Question: What is the nature of the current industrial market in the Selby District? Is the market strong?*

- 2.26 In similarity to the office market, agents felt that there remained a consistent but low level transactional market for industrial space in the District. The market is defined by demand for smaller 5,000 – 15,000 sq ft workshop/ industrial space in the Selby town area, with a more ‘space-dynamic’ demand in the Sherburn in Elmet area. As a result, the majority of recent, current and pipeline supply was identified as being located near to Sherburn in Elmet.
- 2.27 Developers such as Gladman’s felt that the industrial market remained strong in the Sherburn in Elmet area, where significant plot footprints enabled developers to attract wider, national market interest. By default, such units took longer to sell/occupy, however, the perception was that this market segment remained strong, with Sherburn in Elmet offering an established yet

affordable alternative to sites directly off the A1 (M) and /or M62 corridor. It was also felt that interest was also ongoing from occupiers/investors of small 5,000 sq ft – 30,000 sq ft industrial units in this area, with such units typically taking less time to occupy.

- 2.28 Again the market town of Tadcaster was identified as being significantly constrained due to landowner influence, which effectively prohibited any significant new build development within this settlement.

*Question: Where are the key industrial locations within the Selby District for both occupiers and developers?*

- 2.29 Consistently Sherburn In Elmet was identified as the District's primary industrial focus, particularly for national and regional operators (both occupiers and in turn developers). In reflection of the office market, and to a greater extent, the reason for this was the town's location near to both the M62 and A1(M).

- 2.30 To a lesser extent, Selby was cited as having a consistent demand for smaller industrial space, despite a shortage of appropriately sized sites on the town's fringes and associated level of development. It was noted that there remained market-based potential for land allocation off the M62 to the south of Selby for large-scale warehouse/logistical uses. However, Gladman Developments felt that any such site would have to be directly off a major junction in order to be successful as a stand alone, market making scheme. Priority Sites also noted the growing competitive influence of Goole, to the south east of Selby, which was slowly establishing itself as an attractive warehouse/logistical base.

*Question: What types of schemes are thriving here?*

- 2.31 Despite its reputation as the primary location within the District, agents were reluctant to describe Sherburn In Elmet's industrial market as thriving. By way of illustrating this, Cosmic Yard, a major development undertaken by Gladman Developments within Sherburn In Elmet, is struggling to find occupiers and/or purchasers. This despite offering a range of distribution/warehouse unit sizes from 5,000 sq ft up to 660,000 sq ft at a rental range of between £4.25 and £5.50 and a yield range of between 12% and 13.5%. However, it was noted by other agents that this development was perhaps incorrectly configured, and that this was a reason for restricted demand for the scheme.

- 2.32 Ryden's also stated that a lack of land supply was constraining development in this area, and that demand persisted for smaller industrial units of between 2,000 sq ft and 20,000 sq ft.

- 2.33 Outside of Sherburn In Elmet, Nick Humphreys Roberts of Jones Lang LaSalle felt that sites north of this market town would struggle to attract market demand outside of localised operators seeking to rent or acquire smaller industrial premises. This is due to the increasing distance from the M62, which many regional and national operators used as the key transport node when assessing sites.

*Question: What are the key industrial schemes within the Selby District?*

- 2.34 As with office development, there were very few 'key schemes' identified by agents and developers within the Selby District, indicative of the level and type of activity in the area. Cosmic Yard in Sherburn In Elmet was the key scheme cited by regional/national agents. Details of this scheme can be found above. The scheme has been on the market for circa 18 months, and according to Jones Lang LaSalle, very few of these units have so far secured tenants or owner-occupiers, although Gladman's (developer's on part of the scheme) felt very comfortable with current market interest here in both the smaller and larger units.

- 2.35 'BAR/1A' (otherwise known as Olympia/Washington Park), a scheme located in Selby town was also cited as an important development for the local area, offering a range of uses including B1, B2 and B8. At the point of consultation, this scheme was going through the planning process.

*Question: Which industrial locations are struggling within the Selby District and why?*

- 2.36 The only area cited as 'struggling' within the District was again Tadcaster, although only Pope and Company and McBeath Property referred to this area in recognition of its market potential. The reason for market constraint in this location was again the significant limit on land coming forward for development due to existing prominent landowners (i.e. the Sam Smiths Brewery).

*Question: What type of office occupiers are entering the Selby District market and from where are they originating?*

- 2.37 Agents reported a mixture of both regional and national operators showing interest/securing units in the Sherburn In Elmet settlement area, together with an ongoing demand in both Sherburn In Elmet and Selby from existing indigenous occupiers seeking to trade up or down within their locale. Generally these smaller localised operators are seeking small to medium size industrial space within the market towns. Larger operators seeking medium to large space in the Sherburn In Elmet area tend to seek warehouse and distribution units.

## Key Conclusions

- The Selby District area is characterised by low level development output/transactional volume in terms of both industrial and office space, limiting its exposure to national agents and developers alike, particularly outside of Sherburn In Elmet.
- However, demand remains consistent, particularly from small to medium sized organisations located within the District, and particularly for self-contained units available freehold. Regional and national demand was linked mostly with Sherburn In Elmet, although the overspill requirements from York was increasing demand for new premises in Selby and along the A19 corridor (north of Selby).
- Two distinct use-demand markets emerged within the District. Whilst Sherburn In Elmet was characterised by medium to large-scale warehousing/logistics, the Selby town area and some locations to the north were characterised by small to medium scale secondary office/R&D/high tech/bio-science/advanced engineering.
- Despite ongoing demand for small-medium scale secondary office space within Selby town, there remained a lack of viable land available for development, particularly around the by-pass where most developers sought land but where allocated and/or available land was seemingly constrained. As a result, latent demand was only manifested in one or two key schemes in the town.
- Tadcaster was identified in terms of both office and industrial development as holding significant (although largely untested) market potential. This was due largely to its strategic location in between Leeds and York, and A1 (M) and A64. However, this area was consistently noted for its status as a 'no go area' for developers due to the influence of the local brewery.
- A highly constrained supply of employment land in the York area presents Selby with significant potential to capture sub-regional and regional demand.

## 3. OLYMPIA PARK PROPOSALS

### Introduction

- 3.1 The following short study provides an overview of the market viability of Option 3 Masterplan proposals for Olympia Park, Selby, as requested at the meeting with the Selby Economic Study Steering Group meeting 13<sup>th</sup> April 2007.
- 3.2 The analysis first provides a brief overview of the preferred option for masterplanning at Olympia Park, Selby; this being Option 3 as at April 2007. This is followed by initial GVA Grimley agent consultation on the office provision within this option, together with a brief analysis of take-up rates in Leeds and York by way of context.

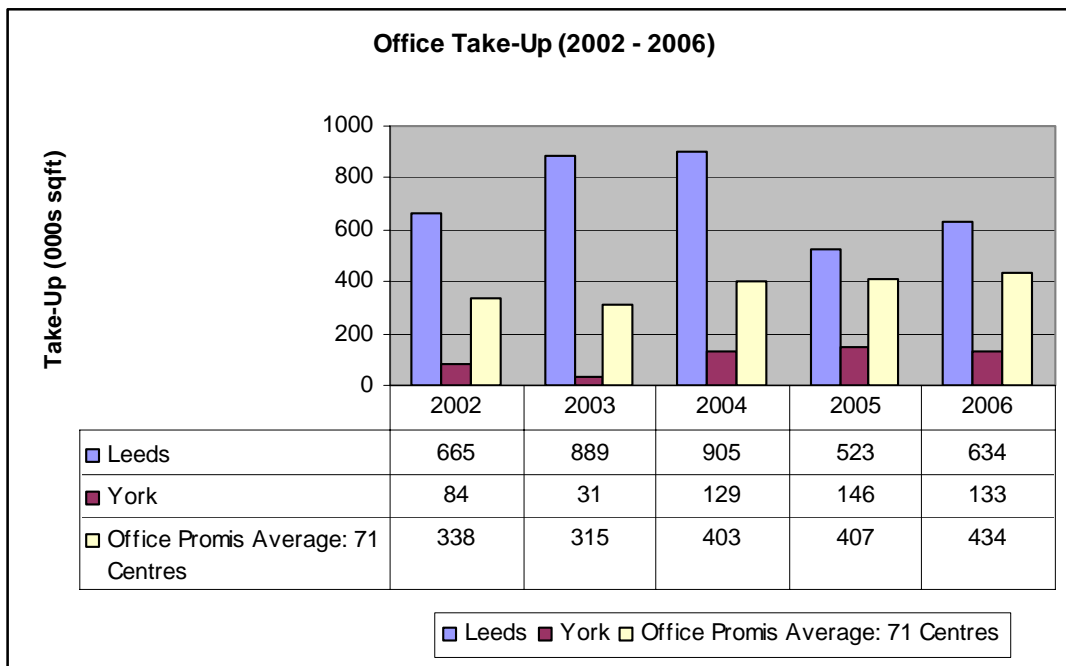
### Option 3 Proposals

- 3.3 Option 3 of the masterplan proposals, as set out in the draft final report undertaken by BDP and King Sturge in November 2005, includes as a summary the following development mix:
- 1,558,700 sq ft B1 Office space
  - 783,500 sq ft B2/B8 Industrial/Storage/Distribution space
  - 681 Residential units
  - Various other hotel & leisure provision

### Historic Take-Up Rates

- 3.4 The following table illustrates the historic office take-up rates for local comparators Leeds and York, for the years 2002 – 2006, set against Promis averages for the 71 key office centres.

Figure A6.3.1: Office Take-Up Rates – Leeds & York (2002 – 2006)



Source: PromisWeb

- 3.5 From the above illustration it is apparent that all three comparators have a take-up which one would expect to be significantly in advance of existing take-up in Selby, given the settlement sizes and the degree of market establishment as compared to a 'secondary market town location'.
- 3.6 However, by way of analysis, it is useful to set a framework for viability as set against these comparators using the planned provision at Olympia Park. Leeds has had an average take-up of 723,000 sq ft per annum over the last 5 years. On this basis, if one was to compare Selby town directly with the city of Leeds, the Olympia Park development would take 2.15 years to fully let. Clearly this comparison is extremely loose given the fact that Leeds has one of the most established office markets of all the key cities in the north of England.
- 3.7 The Promis average (from 71 key office centres) take-up per annum over this period is 379,400 per annum. On this basis, the Olympia Park development would take 4.1 years to fully let. Again these comparators are taken from established key office centres which hold few similarities with Selby.

- 3.8 Finally, on the basis of comparison with its nearest comparator York (in terms of settlement size), the planned provision at Olympia Park would take just under 15 years to fully let. This despite York having an established office market within a City wide context.
- 3.9 Although such analysis only provides an extremely broad framework for analysis, it serves as a useful contextual expose of exactly what type of market the Olympia Park proposals will compete. Placing Selby within its rightful context, as a secondary market town with an unestablished office market as compared, it is clear that Selby cannot expect take-up rates anywhere near that of York, let alone Leeds or other comparators.

### Agent Consultation

- 3.10 In placing Selby as a secondary market town with little national market exposure, poor (by comparison) transport access, localised (as opposed to regional and particularly national) market demand, and little by way of an established office market, the GVA Grimley Office Agency team felt that the planned provision at Olympia Park (Option 3) was significantly unrealistic.
- 3.11 Indeed, the fact that the demonstrated and potential demand was felt to originate from local and regional operators seeking self-contained sub-4,000 sq ft mid-market office space, means that to achieve full take-up on a development of over 1.5 million sq ft would take decades, not years.
- 3.12 By way of example, the GVA Grimley marketed office development at Sherburn in Elmet, developed by Ashbrooke Development, which is located within a more established and perhaps more attractive location, has taken 6 months to let out 4,000 sq ft of space (a quarter of the development). This represents a relatively low letting pace on what was described as a risky development at 12,000 sq ft.
- 3.13 GVA Grimley agents felt that take-up rates within a town such as Selby might be expected to be near 50,000 sq ft, should the town succeed in establishing a vibrant office market in the future.

### Conclusion

- 3.14 Although only a brief analysis, the above consultation and market research clearly demonstrate that the proposals at Olympia Park are dependent on a completely transformed office market; a transformation that goes against almost all market principles. As such, it is



recommended that stakeholders undertake significant market testing and further market research prior to adopting Option 3 of the masterplan.